

**ALLISON-BRISTOW  
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2011

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ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Eric Bixby	President	2011
Jon Heuer	Vice President	2011
Rhonda Edeker		2011
Kristy Lammers		2011
Scott Bruns		2011

All terms end June 30, 2011 as a result of reorganization with the Greene Community School District.

**School Officials**

Terry Kenealy	Superintendent
Noreen Wiegmann	District Secretary/ Treasurer

# BRUCE D. FRINK

Certified Public Accountant

## Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

## Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Financial Statement Preparation
- Bank Loan Assistance

## Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

## Independent Auditor's Report

To the Board of Education of  
Allison-Bristow Community School District:

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of Allison-Bristow Community School District, Allison, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Allison-Bristow Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

The voters of the District agreed to a reorganization with the Greene Community School District effective July 1, 2011.

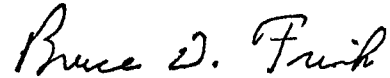
In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2012 on our consideration of Allison-Bristow Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health on pages 4 through 12 and 36 through 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

202 Central Avenue East  
P.O. Box 241  
Clarion, IA 50525

Phone: (515) 532-6659  
Fax: (515) 532-3677  
bruce@frinkcpa.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Allison-Bristow Community School District's basic financial statements. We previously audited in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Bruce D. Frink".

BRUCE D. FRINK  
Certified Public Accountant

March 20, 2012

# **ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT**

## **Management's Discussion and Analysis**

Allison-Bristow Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2011 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$3,160,888 in fiscal 2010 to \$3,317,603 in fiscal 2011 (a five percent increase), while General Fund expenditures decreased from \$3,416,789 in fiscal 2010 to \$3,251,895 in fiscal 2011 (a five percent decrease). The District's General Fund balance increased from \$83,879 in fiscal 2010 to \$149,587 in fiscal 2011.
- Decreased expenditures were primarily due to shared positions with Greene, particularly superintendent and business manager. Total revenues increased primarily as a result of restoration of state aid.
- Whole grade sharing with Greene Community School District of grades 5-12 began July 1, 2004. Instructional costs, transportation (excluding extra curricular) are shared on a prorata basis of students enrolled from each district in grades 5-12. The voters of both districts approved reorganization beginning July 1, 2011.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Allison-Bristow Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Allison-Bristow Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Allison-Bristow Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the Student Activity Funds and Private Purpose Trust and a multiyear comparison of revenues and expenditures.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
*Allison-Bristow Community School District Annual Financial Report*

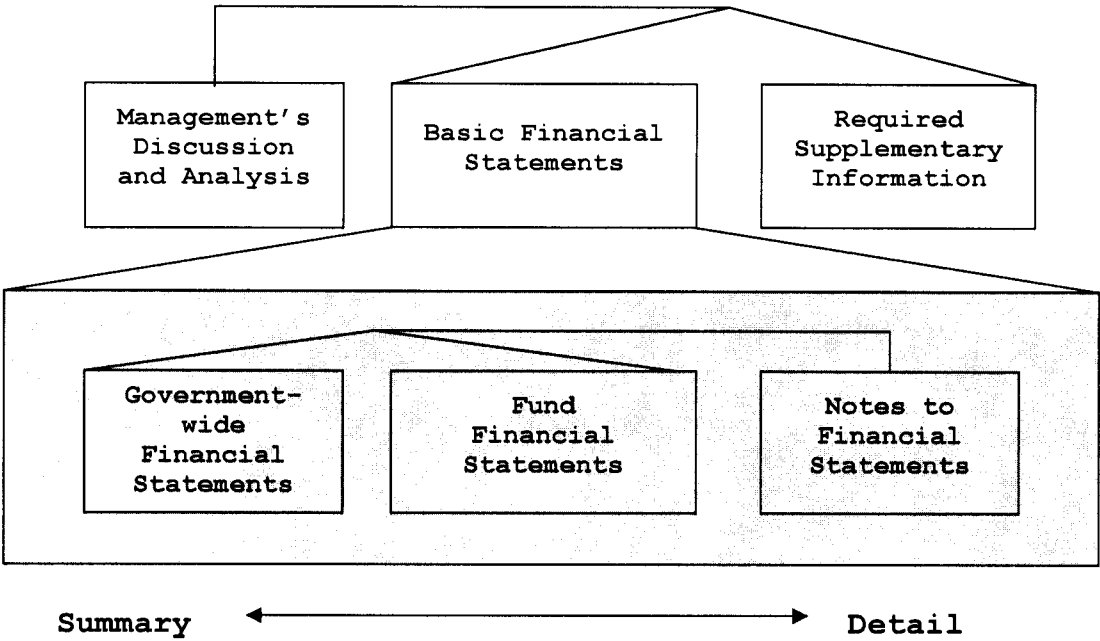


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**

**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long- term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has chosen to treat all funds as "major" for clarity of reporting.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service and the Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2011 compared to June 30, 2010.

Figure A-3								
Condensed Statement of Net Assets								
(Expressed in Thousands)								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2011	2010	2011	2010	2011	2010	2010-2011	
Current assets	\$ 1,414	2,624	36	3	1,450	2,627	-44.80%	
Capital assets	2,116	2,174	-	-	2,116	2,174	-2.67%	
Total assets	3,530	4,798	36	3	3,566	4,801	-25.72%	
Current liabilities	72	1,580	-	1	72	1,581	-95.45%	
Non-current liabilities	464	543	-	-	464	543	-14.55%	
Total liabilities	536	2,123	-	1	536	2,124	-74.76%	
Net Assets								
Invested in capital assets, net of related debt	1,666	1,659	-	-	1,666	1,659	0.42%	
Restricted	1,097	856	-	-	1,097	856	28.15%	
Unrestricted	231	160	36	2	267	162	64.81%	
Total net assets	\$ 2,994	2,675	36	2	3,030	2,677	13.19%	

The District's net assets increased by approximately \$353,000 during the year ended June 30, 2011. Unrestricted assets increased due to an increase in the General Fund. The increase in the General Fund was due primarily to savings from sharing positions with Greene. Restricted assets were used to purchase capital assets and pay off debt resulting in a slight increase in capital asset investment. Restricted assets grew as cost containment measures allowed balances to be restored.

Figure A-4 shows the changes in net assets for the years ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business Type Activities		Total District		Total Change	
2011	2010	2011	2010	2011	2010	2010-2011	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 379	352	105	99	484	451	7.32%
Operating grants, contributions and interest	676	711	82	71	758	782	-3.07%
General revenues:							
Property tax	1,213	1,303	-	-	1,213	1,303	-6.91%
Income surtax	105	107	-	-	105	107	-1.87%
Statewide sales, services and use tax	269	111	-	-	269	111	142.34%
Unrestricted state grants	1,186	1,017	-	-	1,186	1,017	16.62%
Unrestricted investment earnings	1	1	-	-	1	1	0.00%
Other	5	13	-	-	5	13	-61.54%
Total revenues	3,834	3,615	187	170	4,021	3,785	92.89%
Program expenses:							
Governmental activities:							
Instruction	2,383	2,519	-	-	2,383	2,519	-5.40%
Support services	866	975	-	-	866	975	-11.18%
Non-instructional programs	-	-	153	169	153	169	-9.47%
Other expenses	266	245	-	-	266	245	8.57%
Total expenses	3,515	3,739	153	169	3,668	3,908	-6.14%
Change in net assets	\$ 319	(124)	34	1	353	(123)	-386.99%

Property tax and unrestricted state grants account for 60% of the total revenue. The District's expenses primarily related to instruction and support services, which account for 89% of the total expenses. Expenses increased in the instructional area by over \$140,000. Expenses in administration and non-classroom areas decreased as the District continues to find ways to expand educational opportunities in the face of static or decreasing funding.

## Governmental Activities

Revenues for governmental activities were \$3,833,945 and expenses were \$3,515,108 for the year ended June 30, 2011.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2011 compared to the year ended June 30, 2010.

<b>Figure A-5</b>						
<b>Total and Net Cost of Governmental Activities</b>						
<b>(Expressed in Thousands)</b>						
	<b>Total Cost of Services</b>			<b>Net Cost of Services</b>		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$ 2,383	\$ 2,519	-5.40%	1,595	1,528	4.38%
Support services	866	975	-11.18%	967	1,053	-8.17%
Non-instructional programs	-	-	#DIV/0!	-	5	-100.00%
Other expenses	266	245	8.57%	115	131	-12.21%
Total	<u>\$ 3,515</u>	<u>3,739</u>	<u>-5.99%</u>	<u>2,677</u>	<u>2,717</u>	<u>-1.47%</u>

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$378,849 (8% increase).
- Federal and state governments subsidized certain programs with grants and contributions totaling \$478,728.
- The net cost of governmental activities was financed with \$1,213,004 in property tax and \$1,185,860 in state foundation aid. Foundation aid increased back to 2009 levels.

## Business Type Activities

Revenues for the District's School Nutrition Fund were \$186,889 and expenses were \$153,034. The revenues include charges for services and federal and state reimbursements.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, Allison-Bristow Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,242,198, which is 30% greater than last year's ending fund balance of \$951,973.

## Governmental Fund Highlights

- Governmental Funds increased as a whole. The General Fund increased by over \$65,000 due to sharing personnel with Greene.
- The District continues to closely monitor spending in all funds, especially the General Fund.
- The District continues to focus most of its spending on direct instruction costs.
- Statewide sales, services and use tax continues to pay for debt reduction and infrastructure projects.

## Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$2,266 at June 30, 2010 to \$36,121 at June 30, 2011. Cost containment measures were primarily responsible for the increase.

## BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

It is the District's practice, as is in most Iowa school district, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year. During fiscal year 2011, budgeted expenditures exceeded actual expenditures in the instruction and other expenditures program functions. The District did not exceed its unspent authorized budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District has invested more than \$2.1 million (net of depreciation) by the end of fiscal year 2011 in a broad range of capital assets, including school buildings, athletic facilities, kitchen, computers and audio-visual equipment, maintenance equipment, school buses and other vehicles, library holdings, and textbooks. Total depreciation expenses for the year exceeded \$127,000.

Figure A-6 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$ 38	38	-	-	38	38	0.00%
Buildings	1,890	1,952	-	-	1,890	1,952	-3.18%
Furniture and equipment	188	184	-	-	188	184	2.17%
Totals	\$ 2,116	2,174	-	-	2,116	2,174	-2.67%

### Long-Term Debt

The District had \$450,000 in revenue bonds outstanding that were issued in June, 2007. These bonds are being paid with proceeds of the statewide sales, services and use tax.

	Figure A-7 Outstanding Long-Term Obligations (Expressed in Thousands)		
	Total District		Total Change
	June 30,		June 30,
	2011	2010	2010-2011
Revenue bonds	\$ 450	515	-12.62%

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The voters of the District approved to reorganize with the Greene Community School District to form the North Butler Community School District effective July 1, 2011.
- The District continues to update its facilities in order to provide the best learning environment possible.
- To offset the impact of declining enrollment, the State has provided a budget guarantee provision for districts. This budget guarantee provision is being phased out over a 10- year period. The District was on budget guarantee for fiscal year 2010 and will continue to be on budget guarantee for several years to come. Due to previous and continued declining enrollment, the amount of this reduction due to the phase out of the budget guarantee will likely grow over the next several years.
- State aid cuts and uncertain future funding continue to create pressures for the District to explore obtaining sources of income such as grants in order to maintain current programs.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the federal No Child Left Behind Act and the state Student Achievement and Teacher Quality Initiative. This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Noreen Wiegmann, District Secretary/Treasurer and Business Manager, North Butler Community School District, 513 Birch Street, Allison, Iowa 50602.

## Basic Financial Statements

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2011

	Governmental	Business Type Activities	
	Activities	School Nutrition	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,043,987	34,588	1,078,575
Receivables:			
Property tax:			
Current year	30,353	-	30,353
Income surtax - succeeding year	101,182	-	101,182
Due from other governments	108,101	-	108,101
Other receivables	130,001	-	130,001
Inventories	-	1,533	1,533
Capital assets, net of accumulated depreciation	2,116,213	-	2,116,213
<b>Total assets</b>	<b>3,529,837</b>	<b>36,121</b>	<b>3,565,958</b>
<b>Liabilities</b>			
Accounts payable	62,459	-	62,459
Accrued interest payable	1,606	-	1,606
Deferred revenue:			
Federal programs	7,785	-	7,785
Long-term liabilities:			
Portion due within one year:			
Revenues bonds payable	65,000	-	65,000
Portion due after one year:			
Net OPEB liability	13,823	-	13,823
Revenues bonds payable	385,000	-	385,000
<b>Total liabilities</b>	<b>535,673</b>	<b>-</b>	<b>535,673</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	1,666,213	-	1,666,213
Restricted for:			
Categorical funding	4,045	-	4,045
Student activities	33,312	-	33,312
Management levy	287,609	-	287,609
School infrastructure	464,419	-	464,419
Categorical funding	307,271	-	307,271
Unrestricted	231,295	36,121	267,416
<b>Total net assets</b>	<b>\$ 2,994,164</b>	<b>36,121</b>	<b>3,030,285</b>

See notes to financial statements.



## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Operating Grants, Contributions and Restricted Interest			
	Expenses	Charges for Service		Governmental Activities	Business Type Activities	Total
<b>Functions/Programs</b>						
Governmental activities:						
Instruction	\$ 2,382,641	356,531	537,938	(1,488,172)	-	(1,488,172)
Support services:						
Student services	12,610	-	-	(12,610)	-	(12,610)
Instructional staff services	145,395	-	-	(145,395)	-	(145,395)
Administration services	355,472	-	-	(355,472)	-	(355,472)
Operation and maintenance of plant services	144,384	-	6,737	(137,647)	-	(137,647)
Transportation services	208,385	22,318	-	(186,067)	-	(186,067)
	866,246	22,318	6,737	(837,191)	-	(837,191)
Other expenditures:						
AEA flowthrough	130,993	-	130,993	-	-	-
Facilities acquisition and construction	8,884	-	453	(8,431)	-	(8,431)
Long-term debt services	450	-	-	(450)	-	(450)
Long-term debt interest	21,728	-	-	(21,728)	-	(21,728)
Depreciation (unallocated)*	104,166	-	-	(104,166)	-	(104,166)
	266,221	-	131,446	(134,775)	-	(134,775)
Total governmental activities	3,515,108	378,849	676,121	(2,460,138)	-	(2,460,138)

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Operating Grants, Contributions			
	Charges for Service	and Restricted Interest	Governmental Activities	Business Type Activities
Expenses				Total
Business type activities:				
Non-instructional programs:				
Nutrition services	153,034	105,411	81,478	33,855
Total	\$ 3,668,142	484,260	757,599	(2,426,283)
General revenues:				
Property tax levied for:				
General purposes			\$ 1,018,711	-
Management levy			100,020	-
Capital outlay			94,273	-
Income surtax			104,694	-
Statewide sales, services and use tax			269,481	-
Unrestricted state grants			1,185,860	-
Unrestricted investment earnings			1,264	-
Other			4,672	-
Total general revenues			2,778,975	2,778,975
Change in net assets			318,837	33,855
Net assets beginning of year			2,675,327	2,677,593
Net assets end of year			\$ 2,994,164	3,030,285

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2011

	General	Student Activity	Management Levy	Capital Projects			Total
				Statewide Sales	Service and Use Tax	Physical Plant and Equipment Levy	
<b>Assets</b>							
Cash and pooled investments	\$ 49,932	33,312	285,303	372,172	303,268	1,043,987	
Receivables:							
Property tax:							
Current year	24,044	-	2,306	-	4,003	30,353	
Income surtax - succeeding year	101,182	-	-	-	-	101,182	
Due from other governments	15,854	-	-	92,247	-	108,101	
Other receivables	130,001	-	-	-	-	130,001	
<b>Total assets</b>	<b>\$ 321,013</b>	<b>33,312</b>	<b>287,609</b>	<b>464,419</b>	<b>307,271</b>	<b>1,413,624</b>	

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2011

	Capital Projects					Total
	General	Student Activity	Management Levy	Statewide Sales Service and Use Tax	Physical Plant and Equipment Levy	
Liabilities:						
Accounts payable	\$ 62,459	-	-	-	-	62,459
Deferred revenue:						
Federal programs	7,785	-	-	-	-	7,785
Succeeding year income surtax	101,182	-	-	-	-	101,182
Total liabilities	171,426	-	-	-	-	171,426
Fund balances:						
Restricted for:						
Categorical funding	4,045	-	-	-	-	4,045
Student activities	-	33,312	-	-	-	33,312
Management levy	-	-	287,609	-	-	287,609
School infrastructure	-	-	-	464,419	-	464,419
Physical plant and equipment levy	-	-	-	-	307,271	307,271
Unassigned	145,542	-	-	-	-	145,542
Total fund balances	149,587	33,312	287,609	464,419	307,271	1,242,198
Total liabilities and fund balances	\$ 321,013	33,312	287,609	464,419	307,271	1,413,624

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2011

<b>Total fund balances of governmental funds (Exhibit C)</b>		\$ 1,242,198
<b><i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i></b>		
Income surtax receivable at June 30, 2011 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.		101,182
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. assets in the governmental funds.		2,116,213
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(1,606)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liability	\$ (13,823)	
Revenue bonds payable	<u>(450,000)</u>	<u>(463,823)</u>
<b>Net assets of governmental activities (Exhibit A)</b>		<u><u>\$ 2,994,164</u></u>

See notes to financial statements.

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2011

	General	Student Activities	Management Levy	Capital Projects			Debt Service	Total
				Statewide Sales Use Tax	Physical Plant and Equipment Levy			
Revenues:								
Local sources:								
Local tax	\$ 1,116,784	-	100,020	269,481	94,273	-	-	1,580,558
Tuition	356,531	-	-	-	-	-	-	356,531
Other	48,836	38,757	6,004	453	604	-	-	94,654
State sources	1,593,524	-	68	-	61	-	-	1,593,653
Federal sources	201,928	-	-	-	-	-	-	201,928
Total revenues	3,317,603	38,757	106,092	269,934	94,938	-	-	3,827,324
Expenditures:								
Current:								
Instruction	2,367,039	29,662	-	-	283	-	-	2,396,984
Support services:								
Student services	12,610	-	-	-	-	-	-	12,610
Instructional staff services	67,346	-	-	61,491	16,558	-	-	145,395
Administration services	283,036	-	72,436	-	-	-	-	355,472
Operation and maintenance of plant services	209,613	-	796	-	4,351	-	-	214,760
Transportation services	181,258	-	-	3,342	-	-	-	184,600
	753,863	-	73,232	64,833	20,909	-	-	912,837

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2011

	General	Student Activities	Management Levy	Capital Projects			Debt Service	Total
				Statewide Sales Use Tax	Physical Plant and Equipment Levy			
Other expenditures:								
AEA flowthrough	130,993	-	-	-	-	-	-	130,993
Long-term debt:								
Services	-	-	-	-	-	-	450	450
Principal	-	-	-	-	-	-	65,000	65,000
Interest	-	-	-	-	-	-	21,951	21,951
Facilities acquisition and construction	-	-	-	8,884	-	-	-	8,884
	<u>130,993</u>	<u>-</u>	<u>-</u>	<u>8,884</u>	<u>-</u>	<u>-</u>	<u>87,401</u>	<u>227,278</u>
Total expenditures	<u>3,251,895</u>	<u>29,662</u>	<u>73,232</u>	<u>73,717</u>	<u>21,192</u>	<u>87,401</u>	<u>87,401</u>	<u>3,537,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,708</u>	<u>9,095</u>	<u>32,860</u>	<u>196,217</u>	<u>73,746</u>	<u>(87,401)</u>	<u>(87,401)</u>	<u>290,225</u>
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	87,401	87,401
Operating transfers out	-	-	-	(87,401)	-	-	-	(87,401)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,401)</u>	<u>-</u>	<u>-</u>	<u>87,401</u>	<u>-</u>
Change in fund balances	65,708	9,095	32,860	108,816	73,746	-	-	290,225
Fund balances beginning of year	<u>83,879</u>	<u>24,217</u>	<u>254,749</u>	<u>355,603</u>	<u>233,525</u>	<u>-</u>	<u>-</u>	<u>951,973</u>
Fund balances end of year	<u>\$ 149,587</u>	<u>33,312</u>	<u>287,609</u>	<u>464,419</u>	<u>307,271</u>	<u>-</u>	<u>-</u>	<u>1,242,198</u>

See notes to financial statements.

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2011

Net change in fund balances - total governmental funds (Exhibit E) \$ 290,225

**Amounts reported for governmental activities in the State of Activities  
are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities. This amount represents the change from the prior year.

6,621

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported as capital assets in the Statement of Net Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 70,376	
Depreciation expense	<u>(127,951)</u>	(57,575)

Repayment of long-term debt liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Repayments	65,000
------------	--------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in of the governmental funds.

Early retirement	20,799	
Other postemployment benefits	<u>(6,456)</u>	14,343

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

223

Change in net assets of governmental activities (Exhibit B) \$ 318,837



## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2011

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ 105,411
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	51,937
Benefits	6,950
Services	304
Supplies	93,843
Total operating expenses	<u>153,034</u>
Operating (loss)	<u>(47,623)</u>
Non-operating revenues:	
State sources	1,801
Federal sources	79,641
Interest income	36
	<u>81,478</u>
Changes in net assets	33,855
Net assets beginning of year	<u>2,266</u>
Net assets end of year	<u>\$ 36,121</u>

See notes to financial statements.

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2011

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 105,528
Cash payments to employees for services	(58,887)
Cash payments to suppliers for goods or services	(84,774)
Net cash (used by) operating activities	<u>(38,133)</u>
Cash flows from non-capital financing activities:	
State grants received	1,801
Federal grants received	69,580
Net cash provided by non-capital financing activities	<u>71,381</u>
Cash flows from investing activities:	
Interest on investments	<u>36</u>
Net (decrease) in cash and cash equivalents	33,284
Cash and cash equivalents beginning of year	<u>1,304</u>
Cash and cash equivalents end of year	<u>\$ 34,588</u>
<b>Reconciliation of operating loss to net cash (used by)</b>	
<b>operating activities:</b>	
Operating (loss)	\$ (47,623)
Adjustments to reconcile operating loss to net cash (used by)	
operating activities:	
Commodities used	10,061
Decrease in other receivables	117
(Decrease) in accounts payable	(688)
Net cash used by operating activities	<u>\$ (38,133)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2011, the District received federal commodities valued at \$10,661.

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose Trusts	Scholarships
<b>Assets</b>		
Cash	\$	40,366
<b>Total assets</b>		40,366
<b>Net Assets</b>		
Reserved for scholarships		40,366
<b>Total net assets</b>	\$	40,366

See notes to financial statements.

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose Trusts
	<u>Scholarships</u>
Additions:	
Local sources:	
Miscellaneous	\$ 708
Total additions	<u>708</u>
Deductions:	
Support services:	
Scholarships	<u>3,050</u>
Total deductions	<u>3,050</u>
Change in net assets	(2,342)
Net assets beginning of year	<u>42,708</u>
Net assets end of year	<u>\$ 40,366</u>

See notes to financial statements.

# ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2011

### (1) Summary of Significant Accounting Policies

Allison-Bristow Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Allison and Bristow, Iowa, and agricultural area in Butler County. The District is governed by a Board of Education whose members are elected on a non-partisan basis. The District is involved in two-way whole grade sharing agreement with the Greene Community School District involving grades five through twelve.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Allison-Bristow Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Allison-Bristow Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Butler County Assessor Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to treat all funds as major funds for clarity of presentation.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund, Statewide Sales, Services and Use Tax is used to account for all resources used in the acquisition and construction of capital facilities.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Capital Projects Fund, Physical Plant and Equipment Levy is used to purchase equipment (over \$500 per item) and for major repairs and improvements to buildings and grounds. It is funded primarily through a combination of property tax and income surtax.

The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used for scholarship payments.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current property tax receivable represents unpaid taxes for the current and prior years. No succeeding year property tax receivable is shown due to the upcoming reorganization.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years. The District had no intangible assets that exceeded the threshold amount.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Intangible assets	50,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangible assets	5-10 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable and unspent grant proceeds that will not be recognized as revenue until the year for which it is levied.



Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2011.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures in the instruction and other expenditures program functions exceeded the amounts budgeted. The District did not exceed the General Fund unspent authorized budget.

#### **(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had no investments.

### (3) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 37,525	-	-	37,525
Capital assets being depreciated:				
Buildings	3,270,932	-	-	3,270,932
Furniture and Equipment	676,260	70,376	-	746,636
Total capital assets being depreciated	3,947,192	70,376	-	4,017,568
Less accumulated depreciation for:				
Buildings	1,319,193	61,817	-	1,381,010
Furniture and Equipment	491,736	66,134	-	557,870
Total accumulated depreciation	1,810,929	127,951	-	1,938,880
Total capital assets being depreciated, net	2,136,263	(57,575)	-	2,078,688
Governmental activities, capital assets, net	\$ 2,173,788	(57,575)	-	2,116,213
<b>Business type activities:</b>				
Furniture and equipment	\$ 55,064	-	-	55,064
Less accumulated depreciation	55,064	-	-	55,064
Business type activities capital assets, net	\$ -	-	-	-
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				\$ 23,785
Unallocated				104,166
				\$ 127,951
Business Type activities:				
Food service operations				\$ -

### (4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$103,526, \$143,794 and \$105,328 respectively, equal to the required contributions for each year.

**(5) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$130,993 for year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(6) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning Year	Additions	Reductions	Balance End of Year	Due Within One Year
Early Retirement	\$ 20,799	-	20,799	-	-
Revenue Bonds	515,000	-	65,000	450,000	65,000
Net OPEB Liability	<u>7,367</u>	<u>6,456</u>	<u>-</u>	<u>13,823</u>	<u>-</u>
Total	<u>\$543,166</u>	<u>6,456</u>	<u>85,799</u>	<u>463,823</u>	<u>65,000</u>

Revenue Bonds

Details of the District's June 30, 2011 statewide sales, services use tax revenue bond Anticipation Project Notes are as follows:

Year Ending June 30,	Bond Issue of June, 2007			
	Interest Rates	Interest	Principal	Total
2012	4.150%	\$19,270	65,000	84,270
2013	4.200	16,572	70,000	86,572
2014	4.250	13,633	75,000	88,633
2015	4.300	10,445	75,000	85,445
2016	4.350	7,220	80,000	87,220
2017	4.400	<u>3,740</u>	<u>85,000</u>	<u>88,740</u>
Total		<u>\$70,880</u>	<u>450,000</u>	<u>520,880</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$690,000 bonds issued in June 2007. The bonds were issued for the purpose of financing a portion of the costs of remodeling. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2017. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$520,880. For the current year \$86,951 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$372,172.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- \$69,000 of the proceeds from the issuance of the revenue bonds are deposited in a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- All proceeds from the statewide sales, services and use tax shall be place in a revenue account.
- Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

- d. Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District had \$359,553 in the required reserve account at June 30, 2011.

**(7) Interfund Transfers**

The detail of Interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$87,401</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 27 active members and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which result in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefits plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$11,157
Interest on net OPEB obligation	184
Adjustment to annual required contribution	<u>(731)</u>
Annual OPEB cost	10,610
Contributions made	<u>(4,154)</u>
Increase in net OPEB obligation	6,456
Net OPEB obligation beginning of year	<u>7,367</u>
Net OPEB obligation end of year	<u>\$13,823</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$10,635	30.7%	\$ 7,367
June 30, 2011	\$11,157	39.2%	\$13,823

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$117,976, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$117,976. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,527,000 and the ratio of the UAAL to covered payroll was 7.7%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presented as Required Supplementary Information, in the section following the Notes to Financial Statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$472 per month for retirees less than age 65 and \$542 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **(9) Reorganization**

In September, 2010, the voters of the Allison-Bristow and Greene Community School Districts approved to a reorganization effective July 1, 2011. The new district will be know as the North Butler Community School District.

#### **(10) Early Retirement**

In prior years the District offered an early retirement plan to licensed employees between 55 and 62 who have completed 15 years of service to the District. The amount to be paid is equal to 50% of their current years salary to be paid in one lump sum payment in July following retirement. The amount paid during the year ending June 30, 2011 was \$20,799. There is no liability as of June 30, 2011.

(11) **Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects, Physical Plant and Equipment Levy</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ -	233,525
Change in fund type classification per implementation of GASB Statement No. 54	<u>233,525</u>	(233,525)
Balances July 1, 2010, as restated	<u>\$233,525</u>	<u>-</u>

## REQUIRED SUPPLEMENTARY INFORMATION

**ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT**

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2011

	Governmental Fund Type	Proprietary Fund Type	Total Actual	Budget Amount Original	Final	Final to Actual Variance
<b>Revenues:</b>						
Local sources	\$ 2,031,743	105,447	2,137,190	2,068,520	2,068,520	68,670
State sources	1,593,653	1,801	1,595,454	1,744,362	1,744,362	(148,908)
Federal sources	201,928	79,641	281,569	160,900	160,900	120,669
Total revenues	<u>3,827,324</u>	<u>186,889</u>	<u>4,014,213</u>	<u>3,973,782</u>	<u>3,973,782</u>	<u>40,431</u>
<b>Expenditures/Expenses:</b>						
Instruction	2,396,984	-	2,396,984	2,360,698	2,360,698	(36,286)
Support services	912,837	-	912,837	1,157,226	1,157,226	244,389
Non-instructional programs	-	153,034	153,034	239,411	239,411	86,377
Other expenditures	227,278	-	227,278	219,740	219,740	(7,538)
Total expenditures/expenses	<u>3,537,099</u>	<u>153,034</u>	<u>3,690,133</u>	<u>3,977,075</u>	<u>3,977,075</u>	<u>286,942</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	290,225	33,855	324,080	(3,293)	(3,293)	327,373
Other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	290,225	33,855	324,080	(3,293)	(3,293)	327,373
Balance beginning of year	951,973	2,266	954,239	705,666	705,666	248,573
Balance end of year	<u>\$ 1,242,198</u>	<u>36,121</u>	<u>1,278,319</u>	<u>702,373</u>	<u>702,373</u>	<u>575,946</u>

See accompanying independent auditor's report.



**ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT**

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2011, expenditures in the instruction and other expenditures program functions exceeded the amounts budgeted. The District did not exceed the General Fund unspent authorized budget.

**ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT**

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	\$0	\$118	\$118	0.0%	\$2,265	5.2%
2011	Jul 1, 2009	\$0	\$118	\$118	0.0%	\$1,527	7.7%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## **Other Supplementary Information**

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Instrumental Music	\$ 255	288	364	179
Vocal Music	9,365	2,289	1,406	10,248
Computers for Education	1,581	-	-	1,581
Drama	4,060	713	152	4,621
Athletics	-	6,245	6,245	-
Middle School Fund	602	28,016	20,529	8,089
Industrial Technology	20	-	-	20
Consumer Science	666	-	-	666
Eighth Grade	4,471	-	-	4,471
Interest	168	87	-	255
School Store	1,124	-	-	1,124
Pop Machine	1,905	2,417	2,264	2,058
Tag	-	60	60	-
Elementary Fund	-	338	338	-
	<u>24,217</u>	<u>40,453</u>	<u>31,358</u>	<u>33,312</u>
Less interaccount transfers		<u>(1,696)</u>	<u>(1,696)</u>	
Total	<u>\$ 24,217</u>	<u>38,757</u>	<u>29,662</u>	<u>33,312</u>

See accompanying independent auditor's report.

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Private Purpose Trusts

Year ended June 30, 2011

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Harms Scholarship	\$ 5,125	104	100	5,129
Allison-Bristow Scholarship	54	531	500	85
North Scholarship	1,553	1	400	1,154
Boylan Scholarship	35,168	37	2,050	33,155
Legion Scholarship	808	35	-	843
Total	<u>\$ 42,708</u>	<u>708</u>	<u>3,050</u>	<u>40,366</u>

See accompanying independent auditor's report.

## ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Eight Years

	Modified Accrual Basis							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>								
Local sources:								
Local tax	\$ 1,580,558	1,513,456	1,522,909	1,500,282	1,660,861	1,581,306	1,531,264	1,359,685
Tuition	356,531	351,580	404,572	247,392	250,219	178,363	199,930	223,209
Other	94,654	75,352	83,435	118,721	109,571	146,600	131,444	151,772
State sources	1,593,653	1,394,580	1,534,444	1,497,307	1,390,125	1,369,787	1,321,494	1,244,430
Federal sources	201,928	273,370	111,215	72,220	117,408	112,255	105,555	125,878
Total	<u>\$ 3,827,324</u>	<u>3,608,338</u>	<u>3,656,575</u>	<u>3,435,922</u>	<u>3,528,184</u>	<u>3,388,311</u>	<u>3,289,687</u>	<u>3,104,974</u>
<b>Expenditures:</b>								
Instruction	\$ 2,396,984	2,490,678	2,376,175	2,038,611	1,983,683	1,883,688	1,818,221	1,921,083
Support services:								
Student	12,610	8,039	644	5,410	3,097	4,140	11,054	41,941
Instructional staff	145,395	82,904	132,753	90,194	88,100	85,184	56,913	87,642
Administration	355,472	458,942	445,698	399,939	410,814	412,358	505,929	357,173
Operation and maintenance of plant	214,760	294,266	423,290	290,294	451,878	289,286	267,208	269,653
Transportation	184,600	188,037	173,300	185,754	172,154	175,574	287,502	168,884
Non-instructional programs	-	-	5,158	4,540	1,965	1,923	11,230	20,059
Other expenditures:								
Facilities acquisition	8,884	-	20,991	507,823	49,610	-	51,602	7,262
Debt service:								
Principal	65,000	60,000	60,000	55,000	206,038	241,038	231,038	180,000
Interest and services	22,401	24,811	27,241	27,188	7,330	15,968	19,858	31,577
AEA flowthrough	130,993	129,679	104,703	102,478	99,964	97,375	97,069	98,735
Total	<u>\$ 3,537,099</u>	<u>3,737,356</u>	<u>3,769,953</u>	<u>3,707,231</u>	<u>3,474,633</u>	<u>3,206,534</u>	<u>3,357,624</u>	<u>3,184,009</u>

See accompanying independent auditor's report.

# BRUCE D. FRINK

Certified Public Accountant

## Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

## Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Payroll & Sales Tax Preparation
- IRS Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Financial Statement Preparation
- Bank Loan Assistance

## Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of the  
Allison-Bristow Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Allison-Bristow Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 20, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allison-Bristow Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Allison-Bristow Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Allison-Bristow Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-11 and I-B-11 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no items which we consider to be significant deficiencies.

202 Central Avenue East  
P.O. Box 241  
Clarion, IA 50525

Phone: (515) 532-6659  
Fax: (515) 532-3677  
bruce@frinkcpa.com

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allison-Bristow Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

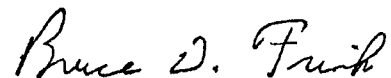
Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Allison-Bristow Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Allison-Bristow Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Allison-Bristow Community School District and other parties to whom Allison-Bristow Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Allison-Bristow Community School District during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



**BRUCE D. FRINK**  
**Certified Public Accountant**

March 20, 2012



ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2011

**Part I: Findings Related to the General Purpose Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES**

- I-A-11 Segregation of Duties -During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response acknowledged.

- II-B-11 Auditor Drafting of the Financial Statements and Related Footnote Disclosures - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 115, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy, we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2011

**Part II: Other Findings Related to Required Statutory Reporting:**

II-A-11 Certified Budget - Expenditures for the year ended June 30, 2011, exceeded the amended certified budget amounts in the instruction and other expenditures program functions.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

II-B-11 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-11 Business Transactions - No business transactions between the District and District officials or employees were noted.

II-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-11 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-11 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-H-11 Certified Annual Report - The Certified Annual Report was certified timely to the Department of Education.

II-I-11 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

II-J-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-K-11 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2011

**Part II: Other Findings Related to Required Statutory Reporting:**  
**(continued) :**

II-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$355,603
Revenues/transfers in:		
Sales tax revenues	\$269,481	
Other local revenues	<u>453</u>	<u>269,934</u>
		625,537
Expenditures/transfers out:		
School infrastructure construction	3,342	
Equipment	70,376	
Transfers to other funds:		
Debt service fund	<u>87,401</u>	<u>161,119</u>
Ending balance		<u>\$164,418</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.